



Press Release

Svaksha Distillery Limited

Jan 02, 2025

Ratings

Instrument Facility	Amount (Rs. Crore)	Current Ratings	Previous Rating	Rating Action	Complexity Indicator
Long term Bank Facilities	146.80	IVR A+ (CE*)/ RWDI (IVR A Plus, CE with Rating Watch with developing implication)	IVR A+ (CE*)/ RWDI (IVR A Plus, CE with Rating Watch with developing implication)	Re-affirmed	Complex
Long term Bank Facilities (proposed)	17.91	IVR BBB-/RWDI (IVR Triple B Minus with rating watch with developing implication)	IVR BBB-/Stable (IVR Triple B Minus with stable outlook)	Rating placed on watch with Developing implications	Simple
Total	164.71	Rupees One hundred Sixty-Four Crore and Seventy One lakhs Only			

*Credit Enhancement (CE) rating is based on irrevocable and enforceable corporate guarantee given by BCL Industries Limited to the lenders of Svaksha Distillery Limited for the sum not exceeding Rs. 146.80 crore.

#Unsupported Rating	IVR BBB-/RWDI/ (IVR Triple B Minus with rating watch with developing implication) Rating Placed on watch with developing implication from IVR BBB-/Stable (IVR Triple B Minus with stable outlook)
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#Unsupported Rating does not factor in the irrevocable and enforceable corporate guarantee given by BCL Industries Limited to the lenders of Svaksha Distillery Limited for the sum not exceeding Rs. 146.80 crore

Details of Facilities/Instrument are in Annexure 1

Facility wise lender details are at Annexure 2

Detailed explanation of covenants is at Annexure 3

Detailed Rationale

Infomerics Valuation and Rating Private Limited (IVR) has reaffirmed the long-term rating to IVR A+ (CE) with a rating watch with developing implication) for the bank loan facilities of Svaksha Distillery Limited (SDL). The rating has been placed under rating watch with developing implication due to Parent rating (BCL Industries Limited) has been placed under rating watch with developing implication.

The standalone rating has been placed under rating with developing implications (RWDI) as company received a clearance to establish a 75 KLPD Bio-Diesel plant along with an oil extraction plant at its Kharagpur unit with an estimated project cost of INR 150 Cr.



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IVR will continue to monitor the developments in this regard and will resolve the watch once further clarity emerges on this expansion process in the SDL as well as in the parent company, BCL Industries Limited.

The rating of the above bank loan facilities of SDL derives strength from the irrevocable and enforceable corporate guarantee given by BCL Industries Limited. This support results in enhancement of rating of said facility to IVR A+(CE)/RWDI (IVR A Plus, CE with rating watch with developing implication) against the unsupported rating of IVR BBB-/RWDI (IVR Triple B Minus with Rating watch with developing implication).

The rating continues to draw comfort from the experienced promoters and management, improvement in scale of operations supported by comfortable projected financial risk profile and comfort from corporate guarantee. However, these strengths are partially offset by exposure to the risk related to government regulation, exposure to profitability to fluctuation in raw material prices and intense competition.

IVR has principally relied on the standalone financial results of SDL up to March 31, 2024 (Audited) (Review period April 01, 2023 to March 31, 2024) and three years projected financials till FY27, and publicly available information/ clarifications provided by the company's management.

Key Rating Sensitivities:

Upward Factors

- Stabilization of operations leading to achievement of projected financials and improvement in liquidity
- Significant and sustained improvement in operating performance leading to a sustainable increase in profitability margins.
- Continuous inflow of ethanol procurement orders with improvement in scale of operations, profitability and cash accruals
- Improvement in the credit profile of the corporate guarantor



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Downward Factors

- Steady deterioration in revenues and profitability.
- Steady deterioration in capital structure and coverage indicators
- Moderation in the credit profile of the corporate guarantor.

Adequacy of credit enhancement structure

For assigning the ratings, IVR has assessed the attributes of the corporate guarantee issued by BCL Industries Limited in favour of lenders who have extended the said facilities. The corporate guarantee is legally enforceable, irrevocable, and unconditional and covers the entire amount and tenor of the rated facilities and has a structured payment mechanism defining invocation and payment timelines. The guarantor's capability to support the guaranteed amounts is found to in line with credit profile connoted by the credit ratings assigned.

Transaction Structure

The transaction structure to ensure a timely payment under the credit enhancement is as follows:

1. T being scheduled due date of payment.
2. If the fund available are not sufficient for repayment two (2) days prior to the respective due date of such loan amount, it shall be recognized as 'Event of Default' (EOD)
3. The Lender will invoke the bank guarantee not later than T-1 days by giving a demand notice to the guarantor
4. The guarantor upon receipt of such demand notice from the lender shall forthwith and in any case the latest by the Due date (T) shall make the payment.

Infomerics will consider T as its legal final maturity for the purpose of recognition of default

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Experienced promoters and key managerial personnel:** The directors have vast business experience in varied sectors like the beverage and construction industry. The senior



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management have been efficiently running their existing distillery plant for the past 10 years in Punjab (BCL Industries Limited) and Infomerics believes the extensive experience of senior management will support Svaskha Distillery Limited in plant erection as well as its operations and to establish healthy relationship between the customers and suppliers

- **Reputed clientele :** The newly started ethanol manufacturing operations from the 200 KLPD plant (beginning of June 2022) and the extension of 100 KLPD plant (from April 2024) have already secured orders from both state run OMCs (IOCL, BPCL, and HPCL) and private players like Reliance and Nayara Energy. Orders from oil companies are bound to increase as there is a tremendous shortage of ethanol required for achieving the Government of India's 20% ethanol blending programme with petrol by FY26. The reputation of clients reduces the credit risk to a large extent and provides security to the continuation of business.
- **Improvement in financial performance in FY24 and current fiscal:** The operating income (TOI) of the Company almost tripled from INR 186.82 crore in FY23 to INR 503.36 crore as FY24 is the first full year of commercial operation of the company. The EBITDA in absolute term increased by ~465.53% from INR 11.26 crore in FY23 to INR 63.68 crore in FY24 as a result in increase in total operating income. The PAT improved significantly from loss of INR 7.71 crore in FY23 to profit of INR 22.48 crore in FY24. The gross cash accruals (GCA) of the Company improved from INR (1.21) crore in FY23 to INR 43.21 crore in FY24. The PAT margin improved from (4.12%) in FY23 to 4.46% in FY24. There has also been improvement in the results of current fiscal (6MFY25) vis-à-vis 6MFY24 – TOI improved by ~90.79% YoY from INR 210.12 crore to INR 400.89 crore. EBITDA improved by ~21.65% from INR 32.84 crore in 6MFY24 to INR 39.95 crore in 6MFY25. EBITDA margin, however, dropped from 15.63% in 6MFY24 to 9.97% in 6MFY25.
- **Corporate Guarantee from BCL Industries Limited and expectation of continued support from the BCL Group:** BCL has extended an unconditional and irrevocable corporate guarantee for the rated bank facilities of Svaskha Distilleries Limited. The promoter group



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owns 75 per cent stake in SDL as on March 31, 2024. Further, the rating also factors in expectation of continuous support by the BCL group for timely servicing of the debt obligations to the company. Although the operational cash flows of SDL are currently adequate to service its debt obligation and continuous support from the promoters will be a key rating sensitivity factor. Infomerics believes that the promoter group will continue to support the debt servicing commitments of SDL, and any timely, need-based financial support will also be extended by the corporate guarantor, in case of any pressure on cash flows. The rating is sensitive to the credit risk profile of BCL. Any material increases in BCL consolidated leverage levels will remain key monitorable.

- **Satisfactory credit profile of the Corporate Guarantor:** The credit risk profile of BCL remained satisfactory, marked by its healthy net worth base and moderate capital structure with satisfactory debt protection metrics. The company has a net worth base of Rs. 643.21 crore as on March 31, 2024. The overall gearing ratio (including corporate guarantee) stood at 1.03x as on March 31, 2024. Total indebtedness of the company marked by TOL/ATNW remained satisfactory at 1.29x as on March 31, 2024. The debt protection metrics remained comfortable with interest coverage ratio at 9.97x in FY24. Further, total debt to EBITDA at 2.63 times as on March 31, 2024, and total debt to GCA at 3.31 years as on March 31, 2024, was moderate.

Key Rating Weaknesses

- **Volatility in the prices of rice grain and coal:** The key raw material used by SDPL for manufacturing ENA and Ethanol is rice and maize grain, which is an agricultural commodity dependent on monsoons and witnessing high volatility in prices. Further, the captive power source of the Company is fully dependent on coal, the prices of which are also volatile in nature. Prices of ENA and Ethanol are largely controlled by the Central and State Governments, and thus there is limited flexibility to pass on the increased prices of rice grain and coal to the end consumers. As a result of this, the margins and profitability of the Company could get negatively impacted, which would further impact the debt coverage ratios negatively.



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- **Regulated nature of liquor and ethanol industry:** The liquor industry in India is very regulated with each State Government independently deciding the taxes and duties structure besides licensing the production and distribution of liquor. Thus, any adverse changes in taxes/duties or licensing requirements may impact the production and sales of ABPL negatively. That apart, the ethanol prices are also decided by the Central Government.

Analytical Approach:

Credit Enhancement (CE) rating: For arriving at the CE ratings, IVR has analysed the credit profile of BCL Industries Limited provider of irrevocable and unconditional corporate guarantee to the bank facilities aggregating to Rs.146.80 crore of Svaksha Distillery Limited (SDL).

Unsupported rating: For arriving at the ratings, IVR has analysed SDL credit profile by considering the standalone financial statements of the company.

Applicable Criteria :

[Rating Methodology for Manufacturing Sector entities](#)
[Financial Ratios & Interpretation Non- Financial Sector](#)
[Criteria for assigning rating outlook](#)
[Criteria for rating based on credit enhancement](#)
[Policy on Default Recognition](#)
[Complexity Level of Rated Instruments/Facilities](#)

Liquidity – Adequate

SDL earned GCA of Rs 43.22 crore as against its repayment obligations of Rs 9.15 crore as on March 31st 2024. The company fund-based working capital limits were utilised at ~69.52% during the past 12 months ended June 2024, indicating sufficient buffer to meet incremental requirements. The company has a current ratio of 1.60x in FY24. Moreover, SDL is generated to expect GCA in the range of Rs 56.06 -68.70 crore as against debt repayments of Rs 8.63-17.70 crore for the period FY 25-27.



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About the Company

Svaksha Distillery Limited (SDL) is a public limited company. SDL was incorporated on 12/06/2014 and registered with ROC – Kolkata. The registered office of the company is based at Mouza: Dakshin Simla, Dag No:1288(P), JL-355, PO: Changua, PS: Kharagpur Local, Paschim Midnapore-721301 (West Bengal). SDL, is being managed by Promoter Directors Mr. Kushal Mittal and Mrs. Sunita Mittal along with the support of other key personnel to runs the business.

The company has expanded its capacity by putting up a new 100 KLPD grain-based Ethanol Manufacturing plant. The existing capacity of 200 KLPD ethanol production plant at Kharagpur unit continues to run at its full capacity. The successful commissioning of additional 100 KLPD ethanol production plant at ‘Svaksha Distillery Limited’ (Subsidiary of the Company) which marked the completion of 2nd Phase of the plant. With this expansion, the total capacity at ‘Svaksha’ now stands at an impressive 300 KLPD, reflecting the company's commitment to growth and efficiency.

About the Corporate Guarantor (BCL)

BCL Industries Limited (BCL) has a rich history dating back to 1976 when it was originally incorporated as Bhatinda Chemicals & Vanaspati Private Limited. The company transitioned to a public limited entity in 1985, adopting the name Bhatinda Chemicals Limited. In January 1993, BCL went public with an issue of 29 lakh shares priced at Rs. 10 each, plus a premium of Rs. 5. Over time, BCL evolved, and in 2008, it rebranded as BCL Industries and Infrastructure Limited, before finally becoming BCL Industries Limited in 2018. The company is listed on the Bombay Stock Exchange.

Financials of Svaksha Distillery Limited (Standalone):

(Rs. crore)



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For the year ended* As on	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	186.82	503.36
EBITDA	11.26	63.68
PAT	-7.71	22.48
Total Debt	236.72	250.16
Tangible Net worth*	39.64	87.53
EBITDA Margin (%)	6.03	12.65
PAT Margin (%)	-4.12	4.46
Overall Gearing Ratio (x)	5.97	2.86
ISCR (x)	0.90	3.09

**as per Infomerics standards*

Financials of the Corporate Guarantor BCL Industries Limited (Standalone)

For the year ended* As on	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	1631.51	1625.83
EBITDA	110.73	127.66
PAT	70.50	73.44
Total Debt	337.71	336.01
Tangible Net worth*	488.95	643.21
EBITDA Margin (%)	6.79	7.85
PAT Margin (%)	4.30	4.49
Overall Gearing Ratio (x)	0.69	0.52
ISCR (x)	15.23	9.97

Status of non-cooperation with previous CRA : Nil

Any other information: : Nil

Rating History for last three years:



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Sl. No.	Name of Instrument/Facilities	Current Rating (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 Dated: Sep 28, 2023	Date(s) & Rating(s) assigned in 2022-23 Dated: Jan 23, 2023	Date(s) & Rating(s) assigned in 2021-22 Dated: Dec 06, 2021
1	Fund Based-Term Loan	Long Term	116.80	IVR A+ /RWDI (CE) Unsupported: IVR BBB-/RWDI IVR A+ /RWDI (CE) Unsupported: IVR BBB-/Stable (Nov 25, 2024)	IVR A+ /Stable (CE) Unsupported: IVR BB/Stable	IVR A+ /Stable (CE) Unsupported: IVR BB/Stable	IVR A/Stable (CE) Unsupported: IVR BB/Stable
2	Fund Based – Cash Credit	Long Term	30.00	IVR A+ /RWDI (CE) Unsupported: IVR BBB-/RWDI IVR A+ /RWDI (CE) Unsupported: IVR BBB-/Stable (Nov 25, 2024)	IVR A+ /Stable (CE) Unsupported: IVR BB/Stable	IVR A+ /Stable (CE) Unsupported: IVR BB/Stable	IVR A /Stable (CE) Unsupported: IVR BB/Stable
3.	Fund Based – Proposed	Long Term	17.91	IVR BBB-/RWDI IVR BBB-(Stable) (Nov 25, 2024)	-		-

Name and Contact Details of the Rating Analyst:



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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – Term Loan			Dec 2029	51.00	IVR A+ (CE*)/ RWDI (IVR A Plus, CE with Rating Watch with developing implication)
Long Term Bank Facilities – Term Loan			March 2032	65.80	IVR A+ (CE*)/ RWDI (IVR A Plus, CE with Rating Watch with developing implication)
Long Term Bank Facilities – Cash Credit			Revolving	30.00	IVR A+ (CE*)/ RWDI (IVR A Plus, CE with Rating Watch with developing implication)
Long Term Bank Facilities – Proposed			-	17.91	IVR BBB-/RWDI

Annexure 2: Facility wise lender details: <https://www.infomerics.com/admin/prfiles/Len-Svaksha-Distillery-02jan25.pdf>

Annexure 3: Detailed explanation of covenants of the rated securities/facilities:

Particulars	Details
Financial Covenants	-Rate of interest: One-year MCLR + 1.25%. -Corporate Guarantee of BCL Industries Ltd



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	<ul style="list-style-type: none">-Personal Guarantee of Mr. Kushal Mittal & Mrs. Sunita Mittal (Promoter Director)-Collateral security: 7,53,364 pledges of shares of BCL Industries Limited held by Promoters i.e Mr. Kushal Mittal & Mrs. Sunita Mittal.-DER not to exceed project DER following any disbursement -Project Must achieve COD as on April 2024-Unsecured loans to be subordinated to term debt
Rating Covenants	Nil

Annexure 4: List of companies considered for consolidated analysis : Nil

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com